Public Service Superannuation Board

Annual Report
for year ending March 31,1983

SIXTY-THIRD ANNUAL REPORT

OF THE

PUBLIC SERVICE SUPERANNUATION BOARD

FOR THE YEAR ENDED

MARCH 31, 1983

Ontario

Office of the Minister

Ministry of Government Services

12th Floor
Ferguson Block
Queen's Park
Toronto Ontario
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To his Honour, The Lieutenant Governor of the Province of Ontario.

MAY IT PLEASE YOUR HONOUR:

The undersigned respectfully presents herewith the Report of the Public Service Superannuation Board for the year ended March 31, 1983.

Respectfully submitted,

George Ashe,
Minister.

Ontario

Public
Service
Superannuation
Board

Area code 416
Telephone 965-1709

The Honourable George Ashe
Minister of Government Services.

SIR:

I have the honour to submit the Report of the Public Service Superannuation Board for the year ended March 31, 1983.

Respectfully submitted,

Stephanie J. Wychowanec,
Chairman.

PUBLIC SERVICE SUPERANNUATION BOARD

The Board was first established in 1920 under an Act of the Legislature of Ontario. It now operates under the Public Service Superannuation Act (R.S.O. 1980, chapter 419).

The Members of the Board are appointed by the Lieutenant Governor in Council. At the end of the year under review, the Board had the following Members:

S.J. Wychowanec, Q.C. (Chairman)
Vice Chairman
Ontario Energy Board

J.A. Jackson
Executive Director
Civil Service Commission

R.G. Buck
Chief Actuary
Ministry of Government Services

S. McVittie
Representative
O.P.S. Employees Union

J.D. Macdonald, Manager, Policy and Executive Benefits, Ministry of Government Services, was the Secretary.

In accordance with the Act, the Board advised the Minister responsible for the administration of the Act (now the Minister of Government Services) and approved disability and certain survivor pension benefits. It evaluated eligibility in special cases and heard appeals against routine decisions made by the Employee Benefits and Data Services Branch of the Ministry of Government Services.

Twenty-four meetings of the Board were held during the year ended March 31, 1983.

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CONTRIBUTORS

During the period covered by this Report, 4,428 new contributors to the Public Service Superannuation Fund were added and 4,404 contributors left the Fund for a net increase of 24 over the preceding year. At the end of the year under review there were 77,279 contributors.

ALLOWANCES

An "allowance" under the Public Service Superannuation Act is retirement income payable in monthly instalments commencing with the month following the month in which the individual retired. The amount of an allowance is calculated according to the benefit formula under the Act and not reduced because of age or service.

As of March 31, 1983, 19,586 allowances were being paid compared with 18,530 at the end of the previous year. The total number of recipients consisted of:

1,233 disability pensioners;

12,964 service pensioners;

5,389 surviving spouses and children of deceased contributors or pensioners.

This represented an increase of 1,056 allowances over the preceding year.

ANNUITIES

An "immediate annuity" under the Public Service Superannuation Act is similar to an allowance but the amount is reduced to reflect age and/or service which is less than the requirements for an allowance. Monthly payments commence with the month following the month in which the individual ceased to be employed.

A "deferred annuity" under the Public Service Superannuation Act is payable at a specific date in the future, such as age 60 or 65 depending upon the commencement date of employment in the Ontario public service, to an individual who is no longer an active member of the Plan. The amount may be reduced to reflect service which is less than the requirement for an allowance.

At the end of the year under review there were:

2,980 former contributors receiving annuities;

320 surviving spouses and children in receipt of annuities;

673 former contributors who will receive deferred annuities from a later date.

This represented an increase of 167 annuities over the preceding year.

PAYMENTS, REFUNDS AND TRANSFERS TO OTHER PENSION FUNDS

During the period April 1, 1982 to March 31, 1983:

2,456 former employees received refunds of contributions, with interest;

110 former employees who were not eligible for an allowance received payments of twice their contributions, with interest;

67 spouses and children received lump sum death benefits equal to twice the deceased contributor's contributions, with interest;

200 former employees transferred their contributions and credits to other pension funds.

OPTIONS FOR MILITARY SERVICE AND PAST PENSIONABLE SERVICE WITH ANOTHER EMPLOYER

During the year 1,386 contributors made contributions for military service in World War II or the Korean War. Also, 728 contributors made contributions for pensionable service with employers recognized for transfer purposes under the Public Service Superannuation Act.

The amount contributed to the fund by these employees or transferred from other pension funds was $1,613,620.

OPTIONS FOR PAST SERVICE WITH ONTARIO GOVERNMENT

During the year, 3,133 contributors made payments for past continuous non-contributory service with the Ontario Government. Furthermore, 965 employees made contributions in order to reinstate previous periods of pensionable service with the Ontario Government.

The amount paid into the Fund by these contributors during the fiscal year was $1,543,113.

OPTIONS FOR LEAVE OF ABSENCE

During this period, 672 contributors established credit for unpaid leave of absence. The amount contributed to the Fund by these employees was $174,612.

CONTRIBUTIONS ON BEHALF OF DISABLED CONTRIBUTORS

Also during 1982-83, the employer paid $4,132,728 into the Fund on behalf of 2,516 disabled contributors who had qualified for a benefit under the long term income protection plan. This amount was in addition to the usual matching contribution paid under Section 10(1) of the Public Service Superannuation Act.

TRANSFERS INTO AND OUT OF THE FUND

During the year, 153 contributors established additional credit in the Ontario Public Service Superannuation Fund by transferring from other pension funds and 200 former contributors transferred their O.P.S.S.F. contributions and credits to other pension funds.

On March 31, 1983 reciprocal transfer arrangements were in effect between the O.P.S.S.F. and the following:

Alberta Civil Service Superannuation Fund
Anglican Church of Canada Pension Fund *
British Columbia Civil Service Superannuation Fund
Canada Public Service Superannuation Fund
Canadian Broadcasting Corporation Pension Fund
Carleton University Pension Fund
Caucus Employees Retirement Fund
Central Mortgage and Housing Corporation Pension Fund
Evangelical Lutheran Church of Canada Pension Fund *
Hospital for Sick Children Employees Pension Fund
Hospitals of Ontario Pension Fund
McMaster University Pension Fund
Manitoba Civil Service Superannuation Fund
New Brunswick Civil Service Superannuation Fund
Nova Scotia Civil Service Superannuation Fund
Ontario Educational Communications Authority Pension Fund
Ontario Hydro Pension Fund
Ontario Institute for Studies in Education Pension Fund
Ontario Municipal Employees Retirement System
Ontario Research Foundation Pension Fund
Ontario Teachers' Superannuation Fund
Prince Edward Island Civil Service Superannuation Fund
Queen's University Pension Fund
Retirement Pension Plan of Colleges of Applied Arts and Technology
Retirement Pension Plan of The Elliott Lake Centre for Continuing Education
Saskatchewan Power Corporation Pension Fund
Trent University Pension Fund
United Church of Canada Pension Fund *

University of Guelph Pension Fund

University of Ottawa Pension Fund

University of Toronto Pension Fund

Workmen's Compensation Board Superannuation Fund

York University Pension Fund

* Applies only to Ontario public service chaplains

PUBLIC SERVICE SUPERANNUATION FUND

The amount standing to the credit of the Public Service Superannuation Fund at April 1, 1982 was $2,386,739,346 and at the close of the fiscal year $2,763,410,299 (subject to verification by the Provincial Auditor). Total receipts for the year, including interest, amounted to $485,495,910 while total disbursements amounted to $108,824,957.

UNFUNDED LIABILITY

As previously reported, an actuarial valuation on the Public Service Superannuation Fund received in 1981 indicated an unfunded liability (i.e. the excess of the present value of future benefits over the sum of the funds on hand and the present value of future contributions) as of December 31, 1979 of $316 million.

In accordance with the recommendations of the actuaries and the Board and also in conformance with the Ontario Pension Benefits Act, an amortization payment in the amount of $40,164,000 was made on January 1, 1983. Under the recommended schedule, the following payments will be made in the future:

January 1, 1984 to 1990 inclusive	$40,164,000 annually
January 1, 1991 and 1992	38,464,000 annually
January 1, 1993 and thereafter	6,832,000 annually

However, these amounts are subject to change in the light of future actuarial valuations which by law must be made at least every three years.

COST OF ADMINISTRATION

The Executive Director, Human Resource Services Division, Ministry of Government Services, has reported that administrative expenses for the year amounted to $2,506,200 compared with 2,151,800 for the previous year. The increase of $354,400 (16.5%) is mainly accounted for by salary and classification revisions and increased pace of computer systems development.

ACKNOWLEDGEMENT

In submitting this Report the Board again wishes to express its appreciation of the assistance rendered to the Board by the Secretariat and the management and staff of the Employee Benefits and Data Services Branch, Ministry of Government Services.

TABLE I

CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

Allowances	Total number of recipients at March 31, 1982	Cases during year	Deaths during year	Other terminations	Total number of recipients at March 31, 1983
Type 60 (male)	2,213	277	86	3	2,401
Type 60 (female)	808	90	19	0	879
Type 65 (male)	5,184	495	269	7	5,403
Type 65 (female)	2,694	249	80	2	2,861
Type 70 (male)	79	2	1	0	80
Type 70 (female)	40	0	2	0	38
Type 90 (male)	1,018	153	9	0	1,162
Type 90 (female)	127	17	4	0	140
Disability (male)	748	24	42	1	729
Disability (female)	516	5	17	0	504
Dependants (widows of contributors)	1,657	141	37	17	1,744
Dependants (widowers of contributors)	85	24	3	0	106
Dependants (widows of superannuates)	3,196	371	126	83	3,358
Dependants (widowers of superannuates)	90	14	8	2	94
Dependants (children)	75	28	0	16	87
TOTALS	18,530	1,890	703	131	19,586

Type 60 - age 60 plus at least 20 years of contributory service.
Type 65 - age 65 plus at least 10 years of contributory service.
Type 70 - age 70 plus at least 10 years of contributory service.
Type 90 - age plus years of contributory service total at least 90 years.

TABLE II

ALLOWANCES

Summary of allowances being paid as at March 31, 1983:

Dollar Amount Per Annum	Number of Allowances (Pensioners)
0 - 2,000	3,312
2,001 - 3,000	2,523
3,001 - 4,000	1,690
4,001 - 5,000	1,230
5,001 - 6,000	978
6,001 - 7,000	686
7,001 - 8,000	571
8,001 - 9,000	466
9,001 - 10,000	433
10,001 - 12,000	652
12,001 - 15,000	654
15,001 - 20,000	607
20,001 - 25,000	245
Over 25,000	150

Dollar Amount Per Annum	Number of Allowances (Dependants)
0 - 1,000	1,891
1,001 - 1,500	1,134
1,501 - 2,000	757
2,001 - 2,500	452
2,501 - 3,000	314
3,001 - 3,500	210
3,501 - 4,000	157
4,001 - 4,500	101
4,501 - 5,000	82
5,001 - 6,000	114
6,001 - 7,500	97
7,501 - 10,000	61
10,001 - 12,500	14
Over 12,500	5

See statistical tabulation on page 14.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.

TABLE III

CASES UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

Annuities	Total number of recipients at March 31, 1982	Cases during year	Deaths during year	Other terminations	Total number of recipients at March 31, 1983
Immediate (60 plus, male)	493	37	15	1	514
Immediate (60 plus, female)	626	47	12	1	660
Immediate (less than 60, male)	402	40	9	0	433
Immediate (less than 60, female)	545	47	5	0	587
* Deferred Active (male)	377	44	18	0	403
* Deferred Active (female)	364	28	9	0	383
* Deferred Pending (male)	442	36	3	50	425
* Deferred Pending (female)	245	29	1	25	248
Dependants (widows)	272	27	14	11	274
Dependants (widowers)	38	13	3	4	44
Dependants (children)	2	0	0	0	2
TOTALS	3,806	348	89	92	3,973

* Deferred Annuities are denoted as "pending" until the date payment commences and are then referred to for statistical purposes as "active".

Immediate (60 plus) - age 60 or over plus at least 10 years of contributory service.
Immediate (less than 60) - under age 60 plus at least 10 years of contributory service.

TABLE IV

ANNUITIES

Summary of annuities being paid as at March 31, 1983:

Dollar Amount Per Annum	Number of Annuities (Annuitants)
0 - 2,000	1,428
2,001 - 3,000	582
3,001 - 4,000	347
4,001 - 5,000	213
5,001 - 6,000	137
6,001 - 7,000	85
7,001 - 8,000	60
8,001 - 9,000	27
9,001 - 10,000	25
10,001 - 12,000	33
12,001 - 15,000	20
15,001 - 20,000	16
20,001 - 25,000	6
Over 25,000	1

Dollar Amount Per Annum	Number of Annuities (Dependants)
0 - 1,000	212
1,001 - 1,500	64
1,501 - 2,000	22
2,001 - 2,500	6
2,501 - 3,000	3
3,001 - 3,500	5
3,501 - 4,000	3
4,001 - 4,500	0
4,501 - 5,000	1
5,001 - 6,000	3
6,001 - 7,500	1
7,501 - 10,000	0
10,001 - 12,500	0
Over 12,500	0

See statistical tabulation on page 16.

The dollar amounts are P.S.S. Fund amounts and do not include supplementary benefits and escalation payments.

This summary excludes deferred pending cases.

TABLE V

NUMBER OF OTHER CASES PROCESSED UNDER THE PUBLIC SERVICE SUPERANNUATION ACT

In addition to the cases involving allowances and annuities as shown on pages 14 and 16, the following cases were processed in the period April 1, 1982 to March 31, 1983. The number of cases processed in all categories does not correspond to the number of contributors who left the Fund because of the overlap, both at the beginning and the end of the fiscal year, between the date of separation and the date of processing the benefit.

		Number of cases during the year
Payments (Double contributions with interest)		
Retirement		95
Disability		15
Dependants (widows, widowers, children)		67
	Sub total	177
Refunds		
Single contributions (with interest)		2,456
Residual balances		23
	Sub total	2,479
Transfers		
Transfers Out		200
	Sub total	200
	TOTAL	2,856

PUBLIC SERVICE SUPERANNUATION FUND

(Established under The Public Service Superannuation Act)

Statement of Fund
For the Year Ended March 31, 1983
(subject to verification by the Provincial Auditor)

	1983	1982
	$	$
Balance of Fund, on deposit with The Treasurer of Ontario, beginning of year	2,386,739,346	2,072,142,138
RECEIPTS -		
Contributions:		
Employees (Sec. 7)	92,678,398	82,321,134
Province of Ontario (Sec. 10)	83,180,337	73,910,303
Boards and Commissions (Sec. 10)	9,098,066	8,076,218
Designated Branches (Sec. 10)	397,977	383,648
	92,676,380	82,370,169
Without equivalent contributions by the employer - sundry	1,735,701	1,814,907
Province of Ontario re employees receiving L.T.I.P.	4,132,728	3,559,633
Province of Ontario re payment on the unfunded liability	40,164,000	40,164,000
Transfers from other Plans:		
Teachers' Superannuation Fund	1,176,685	1,095,487
Ontario Municipal Employees Retirement System	578,374	703,055
Government of Canada Superannuation Account	488,934	526,537
Provincial Governments	108,935	25,858
Other Superannuation Funds	638,766	322,497
	2,991,694	2,673,434

	1983 $	1982 $
Interest Earnings:		
On balance in Fund as at beginning of year for one year to end of year @ 10.24872% (1982 - 9.43557%) (Sec. 5)	244,610,233	195,518,422
On excess of contributions and transfers in over disbursements during year @ 12.795% (1982 - 15.381%) (Sec. 5)	5,279,445	5,285,622
On unfunded liability payment for three months to end of year @ 12.795% (1982 - 15.381%) (Sec. 5)	1,227,331	1,462,471
	251,117,009	202,266,515
	2,872,235,256	2,487,311,930
DISBURSEMENTS		
Allowances (including Supplementary Benefits) to superannuates, beneficiaries and annuitants	130,022,751	114,901,165
Less:		
Recovery of Supplementary Benefits paid from Consolidated Revenue Fund (Sec. 43)	(35,667,528)	(31,980,367)
	94,355,223	82,920,798
Refunds of contributions and interest	11,033,593	15,506,734
Transfers to other Plans:		
Teachers' Superannuation Fund	146,434	246,301
Ontario Municipal Employees Retirement System	668,063	556,802
Government of Canada Superannuation Account	1,148,356	429,542
Provincial Governments	558,731	302,820
Other Superannuation Funds	914,557	609,587
	108,824,957	100,572,584
Balance in Fund, on deposit with the Treasurer of Ontario, end of year	2,763,410,299	2,386,739,346

See accompanying note to financial statement.

Approved on behalf of the Board:

Chairman

Secretary

Note

This is an augmented version of the Statement audited by the Provincial Auditor and published in the Public Accounts.

PUBLIC SERVICE SUPERANNUATION FUND

Note to Financial Statement
March 31, 1983

UNFUNDED LIABILITY

The most recent triennial actuarial review of the Public Service Superannuation Fund was made as at December 31, 1979. As at that date this review disclosed an unfunded liability of $316,071,000. Of this amount $82,616,000 represents the initial unfunded liability as at January 1, 1965. The balance of $233,455,000 represents the additional unfunded liability which has arisen since January 1, 1965.

The Province of Ontario has been making annual payments of interest and principal into the Fund in accordance with the Regulations under the Pension Benefits Act. These payments are designed to:

- Prevent an increase in the initial unfunded liability.
- Liquidate the additional unfunded liability over a period ending January 1, 1992.

Future special payments will be required as follows:

	$
January 1, 1984 to 1990 inclusive	40,164,000
January 1, 1991 and 1992	38,464,000
Annually commencing January 1, 1993	6,832,000

INTEREST EARNED BY THE P.S.S. FUND

Interest was credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund on the following basis:

(i) on the balance at the credit of the Fund on March 31, 1982 at a rate of 10.24872 per cent per annum, the effective rate of interest equivalent to the combination of rates applicable to the various portions of the balance;

(ii) on the net amount deemed to have entered the Fund each month throughout fiscal year 1982-83 at a rate of 12.795 per cent per annum and credited from the date such increases are deemed to have entered the Fund to the end of fiscal year 1982-83; and

(iii) on the unfunded liability payment of $40,164,000 for a period of three months at a rate of 12.795 per cent per annum.

For amounts, please refer to Page 20.

Interest will be credited to the Public Service Superannuation Fund out of the Consolidated Revenue Fund at a rate of 12.795 per cent per annum for twenty-five years subsequent to the fiscal year 1982-83 on the net increase in the Fund for the fiscal year 1982-83 ($376,670,953) and on the $13,500,000 which was deemed to be the portion of the fund which was reinvested at March 31, 1983.